

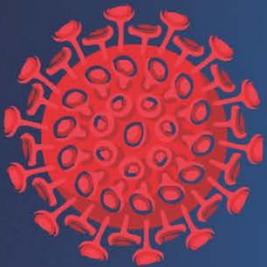
WEEKLY WEBINAR SERIES

CORONAVIRUS

& its impact on people, process & profits

SESSION SIX

April 24, 2020 | 11:00 A.M. EST



> Housekeeping Items

- The webinar will be recorded and shared as soon as it is available via email
- All materials were emailed to you this morning – also available on RKL’s Coronavirus Resource Center at rklcpa.com
- All lines are muted
- NASBA CPE requirements – in order to receive CPE for this webinar:
 - Participants must be connected to the session (both audio and presentation) for its entirety
 - Participants must answer all questions/elements of engagement
 - One (1) hour of CPE in the field of business law will be granted if you meet these requirements

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➤ Meet Your Team for Today's Presentation

PPP Loan Program Update



RYAN HURST, ASA | *Partner, Business Consulting Services Group*

Ryan is a Partner in RKL's Business Consulting Services Group and an in-demand transaction consultant. Ryan's areas of expertise include advising clients on buying and selling businesses; succession planning; conducting valuations for a variety of transactions and structures; litigation support for shareholder disputes; and strategic alternatives analyses.

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Loan Forgiveness & Cash Flow Forecast



BETHANY A. NOVIS, CPA/ABV, CVA, CFE | *Partner/Leader, Business Consulting Services Group*

Bethany is Partner and Leader of RKL's Business Consulting Services Group. A Certified Fraud Examiner, Bethany has more than two decades of experience delivering forensic accounting services such as employee theft investigations, reconstruction of financial records and damage calculations for litigation purposes. She is also a highly credentialed business valuator, specializing in valuation of stock for gifting, buyouts and wealth planning.

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FAQ: Workforce Retention & Reinstatement



STEPHANE SMITH, SPHR, SHRM-SCP | *Consultant, Human Capital Management*

Stephane is a Consultant in RKL's Human Capital Management Practice. She advises clients on a wide range of human resources policies and programs, including strategic planning and talent and performance management.

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POLLING QUESTION

To be eligible for CPE, 3 polling questions must be answered.

> A Shared Message

“ I am reminded of Sir Winston Churchill’s 1942 speech after the British outfought Rommel at Alamein, clearing the Germans out of Egypt. That was a turning point in WW II. His driving point was:

‘Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.’

Our niece and her husband are medical doctors working at Columbia University Hospital in Manhattan. Many of their co-residents have been infected and, after recuperating, are working to help patients and within their research, are hoping to provide positive results for all. Their clear prediction for us states, this virus will be with us for a long time and we need to continue following prescribed guidelines. This is only the beginning of the pandemic. ”

Anonymous Client

> The Virus: We Have So Much to Learn

Issue	Questions	Indications
Warm weather relief	Will warm summer weather in the U.S. bring relief?	
Re-emergence	<p>If there is summer relief, will it re-emerge in cooler weather?</p> <ul style="list-style-type: none"> • Will re-emergence be worse and include a mutation, like the Spanish flu in 1918? • Will new “hot spots” emerge? <p>Will outbreaks re-emerge in areas where restrictions are being lifted? What will our level of preparedness be for any re-emergence?</p>	
Herd immunity	<p>Does immunity actually exist for this coronavirus?</p> <ul style="list-style-type: none"> • Does it differ for immunity by infection vs. vaccination? • How long will immunity last under either scenario? • How long will it take to develop, test and bring a vaccine to market? 	
The <u>real</u> infection rate	<p>What % of the population (U.S. and global) has already been infected? Is testing effective and reliable?</p> <ul style="list-style-type: none"> • Are we targeting the correct antibodies? • What is leading to significant false negatives and false positives? <p>Will mass testing become available?</p> <ul style="list-style-type: none"> • Are there supply constraints on chemical reagents which are critical to the testing process? 	<p>University of Southern California research on total infections estimates that the real rate is 40 times the rate of reported confirmed positives. A similar test in New York state and New York City suggest multiples of 10x and 13x, resp.</p> <ul style="list-style-type: none"> • Suggests high levels of asymptomatic infections <p>False positives may be skewing about data, esp. in CA False negatives around 15% for some tests, compared to standard tolerance <5%</p>
Lasting effects	<p>What will the impact be on human behavior and physical and mental health? How long will it take the economy, especially consumer spending and unemployment, to recover? What effect will multiple rounds of stimulus deficits have on any economic recovery? How will this affect a business’s employees, customers and supply chain?</p>	

➤ What Can We Expect in the Interim? Perhaps...

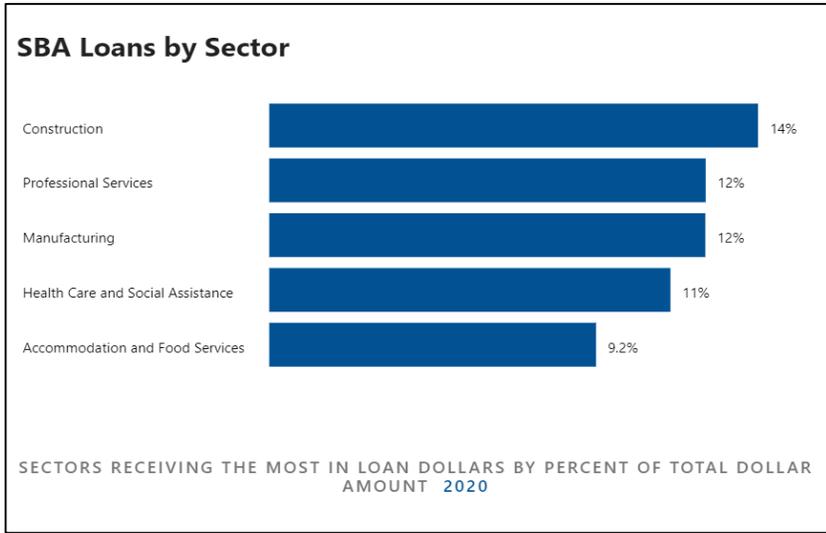
- Waves of infections
- Rolling closures
- Intermittent lockdowns
- Bans on large gatherings
- Limitations on businesses and operating conditions
- Travel restrictions
- Constraints on essential supplies
- Strain on the healthcare system (people, equipment and supplies)
- Immunity passports

PPP LOAN PROGRAM UPDATE

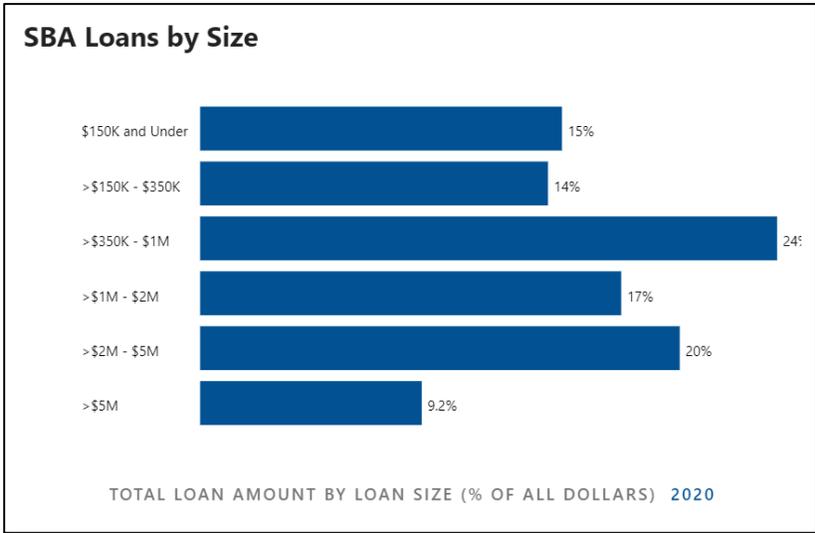
> Current State of the PPP Program

- The PPP ran out of its \$350 billion of funds in 13 days, on April 16, 2020
- More than 1,600,000 loans made across 4,664 lenders nationally
 - Average loan size of \$206,000
- Independent contractors and self-employed people were at a disadvantage
 - They couldn't apply until April 10 and application guidance was issued April 14

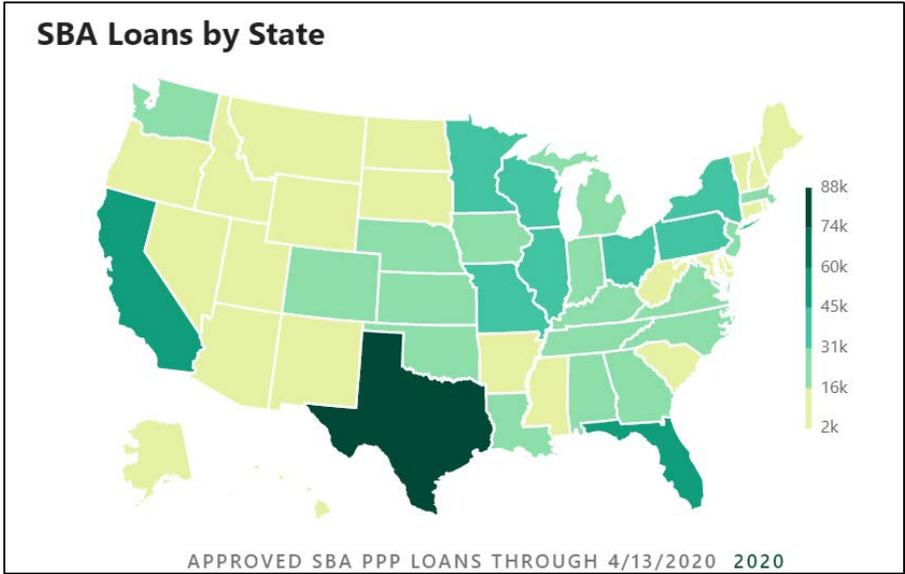
Where Did the First Round of PPP Go?



PA received \$16.7 billion of loan proceeds



Construction companies received \$34 billion (14%) followed by professional services \$30.3 billion (12.2%)



Largest proportion of loans were between \$350,000 and \$1 million

➤ For Those of You Who Did Receive Funds...

With the eight-week forgiveness clock starting immediately upon receipt of funds, it is critical to have a framework in place to maximize your potential forgiveness while ensuring compliance with program terms.

Do: Consider opening a separate bank account to hold the funds

Do: Use the funds for payroll and other approved purposes

Do: Think carefully before conducting any layoffs

- Consider the extent to which that affects loan forgiveness

Don't: Assume that the loan will be forgiven

- Follow guidance or ask for help

Meanwhile, we continue to await guidance to address some of the many unknowns surrounding loan forgiveness.

➤ PPP Refill and Stimulus Phase 3.5

- \$320B additional funds for PPP
 - Portion to serve “under-banked” small businesses, newer businesses and women- and minority-owned businesses
 - \$30B of this allocated to banks and credit unions with \$10B-\$50B assets
 - \$30B allocated to community financial institutions and banks/credits unions with assets <\$10B
- \$50B in loans + \$10B grants for EIDL
 - Farms and ranches made eligible
- \$75B aid for hospitals and other healthcare providers
 - Significant portion in rural areas
- \$25B to bolster coronavirus testing

➤ PPP Scrutiny

- Market sentiment
 - Scrutiny over public company recipients
- FAQ #31
- Proceed with caution
 - Focus on the intent – payroll!
 - Follow the rules

31. **Question:** Do businesses owned by large companies with adequate sources of liquidity to support the business’s ongoing operations qualify for a PPP loan?

Answer: In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.

Lenders may rely on a borrower’s certification regarding the necessity of the loan request. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.¹¹

POLLING QUESTION

To be eligible for CPE, 3 polling questions must be answered.

LOAN FORGIVENESS & CASH FLOW FORECAST

> PPP Loan Forgiveness Basics

The Paycheck Protection Program (PPP) was designed to provide access to cash so that businesses can keep paying their employees and cover other qualified expenses. This financial relief is intended to help small businesses more quickly return to being fully operational once conditions improve.

➤ Determining the Amount Eligible for Forgiveness

You are eligible for forgiveness in an amount equal to the following **costs incurred and payments made** during the covered period. (per Treasury guidance as of 4/20/2020)

$$\begin{aligned} & \textbf{Total Expense for 8-Week Period:} \\ & \textbf{Payroll Costs Paid and Incurred} \\ & \quad + \\ & \textbf{Payment on Mortgage Interest} \\ & \quad + \\ & \textbf{Covered Rent Obligations} \\ & \quad + \\ & \textbf{Covered Utility Payments} \\ & \quad = \\ & \textbf{Total Maximum Eligible Forgiveness} \end{aligned}$$

Important Stipulations of PPP

- Forgiveness of non-payroll expense is limited to 25% of total forgiveness
- Payroll expense during the period must represent 75% of loan proceeds

Your Maximum Eligible Forgiveness can be reduced by two haircuts, related to FTE headcount and salary reductions for employees making less than \$100k/year.

➤ PPP Loan Forgiveness

Qualified Payroll Costs - 75% of the money must be spent on these items

Includes pay and certain benefits and taxes:

- Salaries, wages, commissions (gross pay)
- Tips
- Vacation, family, medical and sick leave
- Severance pay
- Health insurance premiums
- Employer match on 401(k)
- Employer portion of state unemployment taxes

*Notes: Compensation is limited to \$100k annualized (\$15,385 for the eight weeks).
You do NOT need to limit any of the other items for those individuals.*

Covered benefits for employees only (not owners).

> Payroll Expenses Q&A

Q: I am self-employed. How do I calculate my “Payroll Costs”?

A: If self-employed (no “payroll”), owner compensation is limited to 8/52 of 2019 net profit per individual (again limited to the \$15,385 for Covered Period). Exclude any qualified sick or family leave for which a credit is being claimed under Families First Coronavirus Response Act (FFCRA 7002, 7004).

Note: Check with your lender on how they may treat non-cash items such as depreciation.

› Definitions of Non-Payroll Related Eligible Expenses

Remember – limited to 25%

Mortgage Interest

- Not including prepayment fees or payment of principal on the mortgage itself
- Includes interest paid to related parties so long as the agreement was in effect prior to February 15, 2020

Covered Rent Obligation

- Rent under a lease in force before February 15, 2020 in the name of the borrower
 - To the extent they are deductible on Form 1040 Schedule C (if you are self-employed)
 - Includes rent to related parties so long as the agreement was in effect prior to February 15, 2020

Covered Utility Payment

- The following utilities for which service began prior to February 15, 2020:
 - Electricity
 - Gas
 - Water
 - Transportation
 - Telephone
 - Internet

What does “costs incurred and payments made” actually mean?...Awaiting more guidance

➤ Example of Maximum Eligible Forgiveness Calculation

XYZ Company had \$1,200,000 of total payroll costs (\$100,000 monthly) for 2019, resulting in a loan of \$250,000.

During the eight-week Covered Period after XYZ Co. receives the loan, it incurs:

- Payroll costs of \$200,000
- Rent of \$25,000
- Utilities of \$5,000

Under this calculation, XYZ Co. is eligible for forgiveness of \$230,000 (of the total loan amount of \$250,000). This is before any haircuts.

> Restoration of Forgiveness



XYZ Co: PPP Loan Forgiveness Snapshot

\$250K

Total Loan

\$230K

Amount Eligible for Forgiveness

\$230K

Projected Loan Forgiveness

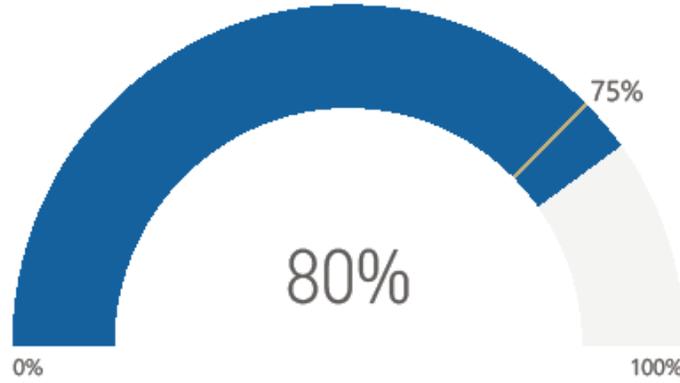
\$20K

Projected Net Loan Payable

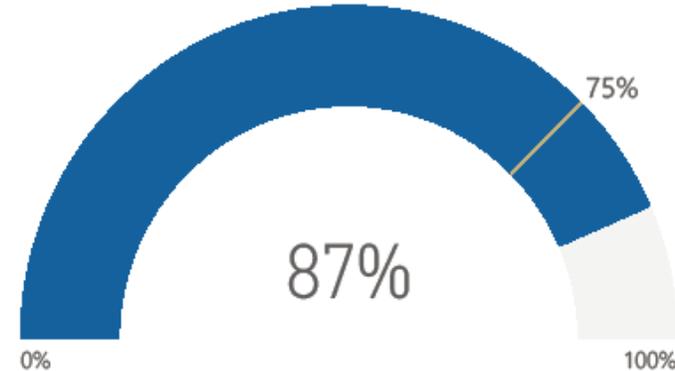


% of Loan Forgiveness

Portion of Loan Used for Payroll Costs



Portion of Loan Forgiven by Payroll Costs



➤ PPP Loan Forgiveness

Maximum forgiveness can be further reduced by two potential haircuts:

- PPP loan forgiveness depends heavily on your ability to restore FTEs
- There are several measurement periods, including PY, Jan./Feb. 2020, 4/26/20, end of covered period, 6/30/20
- Must restore FTE headcount and also keep certain pay levels to get full forgiveness!

> The Haircuts

The amount eligible for forgiveness may be reduced if:

[Haircut #1 : Headcount Reduction](#)

What it is: Percentage reduction in forgiveness proportionate to your reduction in FTEs

How it is calculated: Compare average FTEs over the eight-week covered period to FTEs at earlier measurement date

[Haircut #2: Salary Reduction](#)

What it is: Dollar reduction in forgiveness based on amount you lower salary for an EE making < \$100k annually

How it is calculated: Per each employee, calculate “allowed” 25% reduction in salary related to the most recent quarter and compare to actual reduction over the eight-week covered period. Any amount in excess of the allowed 25% reduces the forgiveness dollar-per-dollar.

➤ Haircut #1: Headcount Reduction

- The amount eligible for forgiveness may be reduced if FTE employee headcount is reduced during the covered period. Calculation requires subtracting the following ratio from 1 and applying to forgiveness amount:

The average number of FTE employees during 8-week Covered Period

Divided by:

The average number of FTE employees per month from either:

February 15, 2019 through June 30, 2019

or

January 1, 2020 through February 29, 2020

- Seasonal employers use February 15, 2019 through June 30, 2019
- All other types of employers can select which period to use (advisable to use period with less FTEs)

➤ Headcount Reduction – Example

XYZ Co. had the following FTE counts:

January 1, 2020 through February 29, 2020: **24** FTEs

February 15, 2019 through June 30, 2019: **20** FTEs

During the eight-week Covered Period after receiving its loan, XYZ had an average of **18** employees.

Step 1: Compare Headcount during eight-week period (18) to the lower of the two measurement periods. In this example, the Company would select the February 15, 2019 through June 30, 2019 headcount of “**20.**”

Step 2: Calculate the Headcount Percentage Reduction = $(20 - 18 = 2; 2 \text{ divided by } 20 = .1) = 10\%$

Step 3: Apply the Headcount Reduction % to the Maximum Forgiveness Amount ($\$230,000 \times 10\%$)

Conclusion: Penalty for reduction to headcount is **\$23,000**

Spoiler alert: The ending to this story has a twist...stay tuned

➤ PPP Loan Forgiveness – FTE Computation

Correct computation of FTEs:

Employee	Hours worked	
1. Jim (FTE)	194	
2. Gayle (FTE)	197	
3. Mike (FTE)	190	
4. Danny		38
5. Jen		66
6. Bobbi		70
7. Kim		50
8. Ken		<u>62</u>
Total hours for month		286
Divide by 120		<u>120</u>
FTEs	3	2.4

Total of 5.4 FTEs

➤ PPP Loan Forgiveness – FTE Computation

Incorrect computation of FTEs:

Employee	Hours worked	
1. Jim	194	
2. Gayle	197	
3. Mike	190	
4. Danny	38	
5. Jen	66	
6. Bobbi	70	
7. Kim	50	
8. Ken	<u>62</u>	
Total hours for month	867	
Divide by 120	7.2	FTEs
<i>Note: The difference occurs due to Jim, Gayle and Mike (FT employees) working high hours (over 40 hours/week)</i>		

➤ PPP Loan Forgiveness – FTE Computation

Computation of FTEs to be restored:

Employee	Hours worked	
1. Jim (FTE)	194	
2. Gayle (FTE)	197	
3. Mike (FTE)	190	
4. Danny		38
5. Jen		66
6. Bobbi		70
7. Kim		50
8. Ken		<u>62</u>
Total hours for month		286
Divide by 120		<u>120</u>
FTEs	3	2.4

Layoff 3 employees

Total of 278 hours/month

- Mike = 1 FTE
- Danny/Kim = .7 FTE (88 hours/120)

Total FTEs = 1.7

› Restoration of Forgiveness – Spoiler Alert!

Q: What if I don't restore headcount by the end of the Covered Period? Is there any way to get out of the FTE headcount haircut?

A: Yes! Even if your FTE headcount is down at the end of your Covered Period, you have one last shot. If you restore your FTEs by June 30, 2020, any haircut for FTE restoration will be forgiven.

Restoration of forgiveness? Yes, please!

➤ Haircut #2: Reduction to Forgiveness for Salary Reduction

The reduction to forgiveness shall be equal to:

the amount of the reduction in total salary or wages of any employee during the Covered Period, to the extent that such reduction exceeds 25% of the total salary or wages paid to such employee during the most recent full quarter

Calculation is on an employee by employee basis and only applies to employees earning less than \$100,000 per year.

There is debate about the mathematical application of this haircut. For this computation, assume haircut is \$10,000.

> How It All Adds Up



XYZ Co: PPP Loan Forgiveness Snapshot

\$250K

Total Loan

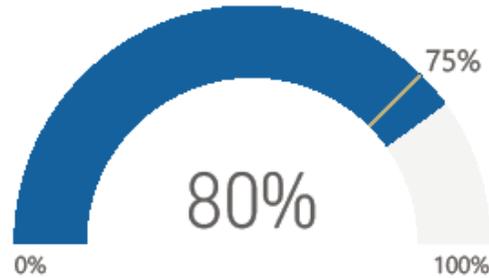
\$197K

Projected Loan Forgiveness



% of Loan Forgiveness

Portion of Loan used for Payroll Costs



Portion of Loan Forgiven by Payroll Costs

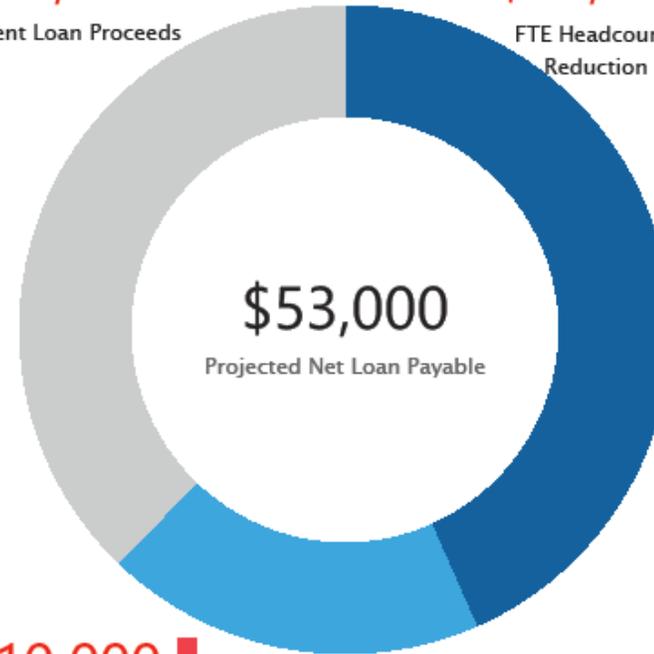


\$20,000 ↓

Unspent Loan Proceeds

\$23,000 ↓

FTE Headcount Reduction



\$10,000 ↓

Salary Reduction

> What Happens If Your Loan Is Not Forgiven?

- For all portions of your loan that are not forgiven, loan terms are as follows:
 - Two-year repayment term (deferred for six months from receipt of funds)
 - No prepayment penalties associated with loan
 - Bears 1% interest per annum
 - Interest will accrue for the six month period of deferment

> What About Economic Need?

The most recent FAQ issued by Treasury now addresses **Economic Need** (Question #31, published April 23, 2020):

Question: Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for PPP?

Answer: ...all borrowers must assess their economic need for PPP loan under the standard established by the CARES Act and PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that the borrowers must be unable to obtain credit elsewhere, borrowers still must certify in good faith that their PPP loan request is necessary.

Lenders may rely on a borrower's certification regarding the necessity of the loan request. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.

> Documenting Economic Need – Cash Flow Forecasting

- Develop updated cash flow forecasts at least through end of year
- Create several “what if” scenarios
- This will support your ability to certify that your business needed the money
- Remember, this situation is fluid and there will be different ripple effects over the next year

Create several different cash flow scenarios. By forecasting your cash flow under different assumptions, you will understand:

- How the PPP loan helps your cash flow
- How to plan and spend the PPP money correctly
- Where the “crunch” is – vendor terms, AR, seasonality
- If your business needs more than just PPP to survive this crisis

➤ PPP Loan Forgiveness: What You Can Do Now

While there are many open questions surrounding the forgiveness calculations, there are some action steps you should take now:

1. Consider setting money aside in a separate account (not required)
2. Set up special GL accounts or “tag” PPP eligible items in your GL
3. Decide on your system to document your decisions and maintain records – some lenders have developed excel workbooks
4. Review your FTE calculations against the SBA rule – 30 hours/120 hours
5. Model out your cash forecast for month/quarter/year
6. Calculate FTEs at critical points
7. Keep your bank in the know
8. Have a Plan A and a Plan B...maybe even a Plan C

POLLING QUESTION

To be eligible for CPE, 3 polling questions must be answered.

FAQ: WORKFORCE RETENTION & REINSTATEMENT

➤ **Q: I received PPP funds and my business isn't open, do I have to pay my employees to stay home?**

A: This is within the spirit of the Act and the Payroll Protection Program. The intent is to keep people employed, reduce the strain on the unemployment system and have people in place when businesses are ready and permitted to reopen.

In the interim consider finding creative ways to give employees work, whether it's on different jobs, developing and typing updated policies and procedures, participating in virtual learning/training, cleaning or painting your business in preparation to fully open or adopting shifts or rolling schedules.

Establish clear expectations with your workforce. Clearly explain and document expectations and what they are working on or how they are spending their time. This will allow you to track and document performance.

➤ **Q:** What if my business is dependent on other industries that are not fully functioning yet and I only have enough work available to bring back part of my workforce?

A: There is the potential for a mathematical reduction of the amount that is forgiven, both due to a diminished payroll spend during the eight weeks as well as the FTE retention haircut that is part of the Act.

There is a June 30 restoration component, which if successful could remove the impact of the FTE haircut. However, you may still have a diminished payroll spend.

➤ Q: Can I utilize PPP funds to pay bonuses or pay increases?

A: Nothing in the current guidance prohibits increasing pay or offering one-time discretionary bonuses. We recommend that any pay increases or discretionary bonuses given during the covered period are thoroughly documented. Outline your methodology and note the time period that the pay increase or bonus relates to. Is it a permanent pay increase or only temporary during the eight-week period?

For example, you can give your employees a \$2.00 per hour pay increase during the eight-week time period or pay a one-time \$1,000 discretionary “return to work” or “thank you” bonus.

Ensure that it’s a fact pattern that you feel comfortable supporting and that it’s fair, reasonable and equitable. Clearly document the business case around your decision-making process.

➤ **Q: Can we retroactively pay our employees when we bring them back to maximize FTEs?**

A: No, doing so would jeopardize the employee's unemployment compensation and may be viewed as fraud since the employee was collecting unemployment compensation and didn't report those wages.

Instead of retroactive pay perhaps consider some other type of discretionary bonus or base pay increase.

➤ **Q: Who notifies the Department of Labor and Industry when an employee returns to work and goes off unemployment?**

A: The employee is responsible for filing their bi-weekly claim. When there is overlap between returning to work and receiving unemployment compensation, the employee will record earned wages to the Department of Labor and Industry and their unemployment will be adjusted accordingly. Once the employee is fully reinstated they will no longer file a bi-weekly claim for unemployment compensation.

➤ Q: Do PPP loans cover paid sick leave?

A: Yes, PPP loans cover payroll costs, which includes costs for employee vacation, parental, family, medical and sick leave. However, the CARES Act excludes qualified sick and family leave wages for which a credit is allowed under the Families First Coronavirus Response Act (FFCRA).

When you bring your employees back after receiving your PPP loan you may find that some may not be able to return due to school or daycare closures and therefore will need to take advantage of the leave offered under FFCRA. You will be eligible for the tax credits for those programs.

In order to utilize PPP funds, you may consider making those employees' compensation whole by paying the remaining 1/3 of unpaid compensation under FFCRA.

➤ **Q: We received notice that we are approved for PPP funds. What should we do if an employee resigns or refuses to return to work?**

A: Thorough documentation is encouraged to show your good faith efforts to adhere to the requirements of the PPP loan:

- Recommended that you recall your employees in writing to begin your documentation methods.
- If an employee resigns, obtain a resignation letter via email or mail noting their last day of employment.
- If an employee is not responding to phone calls to be recalled to work, document the dates and times that you attempted to contact the employee along with notes if you left a voicemail.
- Send a recall notice letter to the employee's residence along with a return receipt notice for documentation. The recall notice should include the expected date of return along with a period of time to respond to the recall notice.

➤ Form UC-1921 Refusal of Suitable Work

 **EMPLOYER QUESTIONNAIRE
REFUSAL SUITABLE WORK**

Submit the completed form, along with any additional documentation, within seven (7) days of the refusal of a job offer or referral. (All fields marked in red must be completed prior to submission.)

Claimant's Name: Social Security No.: XXX-XX-
Employer's Name: UC Acct No.:
Contact Person: Title:
Employer's Address: Email:
 Telephone No.:
Temporary Staffing Agency? Yes No Fax Number:

In order for the department to determine the claimant's eligibility for unemployment compensation and to protect your employer account, please answer the following questions:

1. Did the claimant refuse to accept a referral to employment? Yes No
If Yes:
(a) In what manner was the referral made?
(b) Who made the referral?
(c) Please explain the type of employment to which the claimant was referred.
2. Did you offer the claimant a specific job that the claimant refused? Yes No
If Yes:
(a) Has the claimant ever worked for you? Yes No
(b) On what date was the job offer made?
(c) How was the job offer made?
(d) Who made the job offer?
3. What reason did the claimant give for refusing the job offer or referral to employment?
4. What were the duties of the job that was offered/referred?

(a) What was the job's rate of pay? per Temporary Permanent
(b) What were the scheduled working hours? Full time Part time
(c) Where was the job located?
(d) Please describe any unusual requirements or conditions of work

(e) When was the job scheduled to start?
(f) If the job was temporary, when was it scheduled to end?

I certify that all information I have provided is true and correct.

Signature Title Date

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Auxiliary aids and services are available upon request to individuals with disabilities.
Equal Opportunity Employer/Program

UC-1921W REV 10-18

What happens when an employer recalls an employee who is receiving unemployment compensation benefits to return to work, and the employee refuses?

As a courtesy to the employee, notify them that they are being recalled and that you are taking safety precautions by following the recommendations issued by the government and the CDC to provide a clean and safe work environment and their refusal to return to work may impact their eligibility for UC benefits.

NOTE: The employer must notify the department of the refusal along with documentation within **seven** days. The best way is to complete and submit the document online. It can be sent via fax if necessary.

<https://www.uc.pa.gov/forms/Pages/UC-1921W-Refusal-of-Suitable-Work.aspx>

Complete and submit the form online by clicking here

➤ Q: What if my payroll cycle doesn't fall precisely in between the eight-week covered period?

A: The guidance from the SBA is “costs incurred and payments made” within the eight-week period will be forgiven.

For example, what if your covered eight-week period starts in the middle of your pay cycle. One week is prior to the effective date of the PPP funds and the second week falls within the eight-week period. Per the existing guidance, you can only count one week towards your PPP loan forgiveness.

Conversely, if your eight-week loan period ends on June 13 and your payroll pay date is on June 15, what do you do? Again, per guidance available today you can only use payments made during your eight-week period; therefore, since the payment was made outside of the loan period it cannot be counted toward loan forgiveness.

Until further guidance is released, we encourage borrowers to follow the guidance that is available at this time and only use PPP funds for costs incurred and paid during the eight-week period. You can always consult with your bank to see if there is a way that you can capture those payments, such as a special payroll.

POLLING QUESTION

To be eligible for CPE, 3 polling questions must be answered.

THANK YOU FOR PARTICIPATING

Questions? Contact today's presenters:

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Visit RKL's [Coronavirus Resource Center](#) for more updates and guidance.

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